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March 20, 2012

**Via Electronic Filing**

Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

**Re: Notice of *Ex Parte* Presentation In the Matter of Connect America Fund WC Docket No. 10-90; A National Broadband Plan for Our Future GN Docket No. 09-51; Establishing Just and Reasonable Rates for Local Exchange Carriers WC Docket No. 07-135; High-Cost Universal Service Support WC Docket No. 05-337; Developing an Unified Intercarrier Compensation Regime CC Docket No. 01-92; Federal-State Joint Board on Universal Service CC Docket No. 96-45; Lifeline and Link-Up WC Docket No. 03-109; Universal Service Reform – Mobility Fund WT Docket No. 10-208**

Dear Ms. Dortch:

On March 19, 2012, Brad Erwin, CEO and General manager of the Farmers Telephone Cooperative, Inc. ("FTC"), former member of Congress Robin Tallon, and I met with Commissioner Clyburn, Dave Grimaldi, Chief of Staff to Commissioner Clyburn, and Angela Kronenberg, Legal Advisor to Commissioner Clyburn. The purpose of our meeting was to discuss concerns of FTC related to the Commission's Order issued on November 18, 2012, in the above-referenced proceedings.

We discussed how the Order has made it impossible for FTC and other small rural telecom businesses serving rural communities to plan their investments and operations to serve their communities. By significantly reducing revenues associated with both FTC's incumbent landline service and its rural wireless service, the Order threatens the ability of FTC to maintain and expand the excellent level of services now provided to its cooperative members.

In the provision of both its landline and wireless universal services, FTC has complied with the only established federal standards for building telecom networks to serve rural communities - those established by the RUS. FTC, like many other rural telecommunications providers, has deployed network facilities in accordance with these standards and in reliance

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on the sufficiency and predictability of the previously established FCC rules and policies. The application of new FCC rules retroactively to existing investments and operating expenses incurred to achieve these standards will result in severe and inequitable financial punishment to FTC and to other rural carriers.

We explained how the Order is contrary to the Commission's objectives, results in a disincentive to the expansion of broadband services, and adversely affects economic development and job creation in rural areas. FTC and other rural companies are responding to both the known and predicted impacts of the Order by reducing or freezing further infrastructure investment. In addition, and as a result of the Order, FTC and other rural companies are planning cuts in jobs – cuts both in planned job creation and cuts in existing jobs. Rural companies are reluctant to make additional investments and job commitments because of the financial uncertainty and the lack of predictability resulting from the Order.

We discussed our concern that the November 18 Order could be interpreted to disallow the recovery of existing investments and expenses without providing a carrier with a fair opportunity to be heard. Moreover, we indicated our trust that it was not the intent of the Commission to deem any investments or expenses to be imprudent or not to be “used and useful” in any instance where the investments and expenses are utilized in the provision of services within the standards established by the RUS. We urged that the Commission should act expediently to confirm that this was not the Commission's intent in order to alleviate the uncertainty and instability that has impacted the efforts of rural carriers to serve their rural communities. Specifically, we urged that the Commission act to clarify its intent that:

1) The Commission will implement the Order in a manner that provides the opportunity for rural carriers to receive USF in an amount sufficient to recover the established lawful investments and operating expenses incurred to provide universal service while maintaining reasonably comparable rates for their rural consumers; and

2) The Commission will not deem any investments or expenses unlawful, imprudent or not “used and useful” in any instance where the investments and expenses are utilized in the provision of services within the standards established by the RUS or consistent with network and operational plans approved by the RUS or NTIA.

I am filing this letter electronically with your office for inclusion in the record of each of the above-referenced proceedings pursuant to the Commission's Rules. If you have any questions, please do not hesitate to contact me at 202-333-1770.

Sincerely,

s/ Stephen G. Kraskin

cc: Commissioner Clyburn  
Dave Grimaldi  
Angela Kronenberg